

PUBLIC UTILITIES  
COMMISSION

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Docket No. 2009-0049

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**and**

MORIHARA LAU & FONG LLP

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**YVONNE Y. IZU, ESQ.**  
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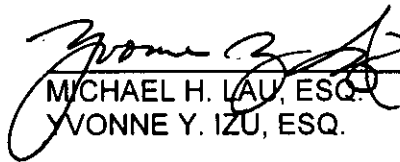
BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

In the Matter of the Application	)	
	)	
of	)	
	)	Docket No. 2009-0049
WAI'OLA O MOLOKA'I, INC.	)	
	)	
For review and approval of rate	)	
increases; revised rate schedules; and	)	
revised rules.	)	
_____	)	

**WAI'OLA O MOLOKA'I, INC.'S SUPPLEMENTAL RESPONSES  
TO THE DIVISION OF CONSUMER ADVOCACY'S  
FIRST SUBMISSION OF INFORMATION REQUESTS  
(CA-IR-12)**

COMES NOW, WAI'OLA O MOLOKA'I, INC. ("WOM"), by and through its attorneys,  
Moriwara Lau & Fong LLP, hereby submits its Supplemental Responses to the Division of  
Consumer Advocacy's First Submission of Information Requests (CA-IR-12) consistent with the  
Stipulated Regulatory Schedule (Exhibit "A") contained in the Stipulated Prehearing Order, filed  
on November 6, 2009.

DATED: Honolulu, Hawaii, December 7, 2009.

  
\_\_\_\_\_  
MICHAEL H. LAU, ESQ.  
YVONNE Y. IZU, ESQ.

Moriwara Lau & Fong LLP  
Attorneys for WAI'OLA O MOLOKA'I, INC.

**WAI'OLA O MOLOKA'I, INC.'S SUPPLEMENTAL RESPONSES  
TO THE DIVISION OF CONSUMER ADVOCACY'S  
FIRST SUBMISSION OF INFORMATION REQUESTS**

**DOCKET NO. 2009-0049**

**CA-IR-12**

**Ref: Application, Exhibit WOM 2, Schedules 4 and 5.**

The Company is submitting a Revised 12-7-09 response to CA-IR-12, parts a, b and c because the Company's initial response did not correctly reflect the audit adjustments that resulted in the balances reflected in the independent auditors' report. The Company, based on the audit adjustments made in the MPU audit report, assumed that the adjustments in the WOM audit report were for fully depreciated plant. However, as described in response to part "a" herein, the major audit adjustment for WOM was related to the reduction to plant in service and accumulated depreciation to reflect those balances based on the net book value of the plant at the date of transfer of those assets from MPL to WOM.

- a. Please provide a reconciliation of the plant, property, and equipment balances that are reflected on WOM 1 (which reflects a total of \$3,601,998) and the balance reflected in the independent auditors' report, which is \$3,263,522. Based on the available information, both of these balances are purportedly reflecting data as of December 31, 2008.

**SUPPLEMENTAL  
RESPONSE:**

The reconciliation of the difference between the \$3,601,998 and \$3,263,522 of \$338,476 is contained on Attachment

**WAI'OLA O MOLOKA'I, INC.'S SUPPLEMENTAL RESPONSES  
TO THE DIVISION OF CONSUMER ADVOCACY'S  
FIRST SUBMISSION OF INFORMATION REQUESTS**

**DOCKET NO. 2009-0049**

**CA-IR-12 (cont.)**

CA-IR-12a, Revised 12-7-09. This reconciliation, shown on page 1, is comprised of several components. First, since the \$3,601,998 on line 1 is the total of a manual listing of values by category, it is reconciled to the total plant amount of \$3,611,306 on line 15 is also shown on the May 31, 2009 balance sheet contained on Exhibit WOM 2 Schedule 5 on page 1, lines 4 to 13. The remaining difference of \$347,784 (\$3,611,306 - \$3,263,522) represents an auditor's adjustment to reduce plant in service and accumulated depreciation to reflect the net book value ("NBV") at the date of transfer by MPL to WOM. This adjustment has no impact on the net plant in service or rate base since both the plant in service and accumulated depreciation have been reduced by the same amount.

The Company recorded the plant in service at original cost and the accumulated depreciation reflected the depreciation from the date of acquisition to the date of transfer. The audit adjustment of \$347,784 reflects the auditor's position that the NBV of the plant at the date of transfer should have been recorded for financial reporting purposes. The Company does not agree that the plant in service and related

**WAI'OLA O MOLOKA'I, INC.'S SUPPLEMENTAL RESPONSES  
TO THE DIVISION OF CONSUMER ADVOCACY'S  
FIRST SUBMISSION OF INFORMATION REQUESTS**

**DOCKET NO. 2009-0049**

**CA-IR-12 (cont.)**

accumulated depreciation should be based on the NBV amounts as shown in the audit report. The Company believes that the plant and related accumulated depreciation should be based on the original cost of the plant and its related accumulated depreciation.

- b. Please provide a reconciliation of the plant, property, and equipment balances that are reflected on WOM 3 (which reflects a total of \$3,333,813 as of 6/30/08) and the balance reflected in the independent auditors' report, which is \$3,263,522.

**SUPPLEMENTAL  
RESPONSE:**

See Attachment CA-IR-12b.

- c. The reported balance of accumulated depreciation is \$1,705,108 as of December 31, 2008 in the independent auditors' report, but the balance reflected on WOM 3, as of June 30, 2008 is \$1,705,465. Please reconcile the difference and explain why the reported balance as of June 30 is higher than the balance as of December 31 in the auditors' report.

**SUPPLEMENTAL  
RESPONSE:**

See Attachment CA-IR-12c, Revised 12-7-09.

**WAI'OLA O MOLOKA'I, INC.'S SUPPLEMENTAL RESPONSES  
TO THE DIVISION OF CONSUMER ADVOCACY'S  
FIRST SUBMISSION OF INFORMATION REQUESTS**

**DOCKET NO. 2009-0049**

**CA-IR-12 (cont.)**

- d. Please reconcile the balances shown on WOM 2, Schedule 5 and WOM 3, where the plant in service balance on WOM 2, Schedule 5 reflects \$3,611,306 as of May 31, 2009 but WOM 3 reflects \$3,353,813 as of June 30, 2009. In your reconciliation please explain why the balance as June 30, 2009 is lower than the balance as of May 31. If the item relates to retirements, please identify the specific item or items that were retired and discuss how the item was disposed of and whether there was any salvage value.

**RESPONSE:**

See Attachment CA-IR-12d for the reconciliation. As shown on Attachment CA-IR-12d, the main reason for the difference is that the balance on WOM 3 excludes fully depreciated plant. To the best of the Company's knowledge, all of the plant listed as fully depreciated as of June 20, 2008 is still *used and useful in providing utility service.*

- e. Please reconcile the balances shown on WOM 2, Schedule 5 and WOM 3, for accumulated depreciation. In your reconciliation please explain why the balance as June 30, 2009 is lower than the balance as of May 31.

**WAI'OLA O MOLOKA'I, INC.'S SUPPLEMENTAL RESPONSES  
TO THE DIVISION OF CONSUMER ADVOCACY'S  
FIRST SUBMISSION OF INFORMATION REQUESTS**

**DOCKET NO. 2009-0049**

**CA-IR-12 (cont.)**

**RESPONSE:** See Attachment CA-IR-12e. As shown on Attachment CA-IR-12e, the main reason for the difference is that the balance on WOM 3 excludes fully depreciated plant.

**SPONSOR:** Robert O'Brien

**ATTACHMENT  
CA-IR-12a  
(Revised 12-7-09)**



**WOM**  
**Docket No. 20090049**  
**Reconciliation of Plant**  
**Company as filed and Auditor Report**

**ATTACHMENT CA-IR-12a, Revised 12-7-09**  
**Page 1 of 2**

Line #	Description	Amount	Amount	Total
1	Plant total on Exhibit WOM 1	\$ 3,601,998.00		
2	Plant total on Audit Report	3,263,522.00		
3	Difference			<u>\$ 338,476.00</u>
<u>Increase in Exhibit WOM 1</u>				
4	Plant total on Exhibit WOM 1	\$ 3,601,998.00		
5				
6	Utility Data System	2	(371.00)	
7	Maunaloa Reservoir	5	11,694.00	
8	Water Meters	7	(1,494.00)	
9	Maunaloa Village	8	(652.00)	
10	Kupu System Impr	10	180.00	
11	Other		(49.00)	\$ 9,308.00
12				
13	Sub-Total - WOM 2, Sch 5		<u>\$ 3,611,306.00</u>	
14	Auditor Adjustment # 11 to Reflect Plant at NBV at time of Transfer from MPL to WOM			(347,784.00)
15				<u>\$ (338,476.00)</u>

Waipio O Molokai Docket No. 2009-0049 Reconciliation of Plant at 12-31-08										ATTACHMENT CA-IR-12a Page 2 of 2					
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)		
Line #	Description	Cubic Billing System	Utility Data System	Kaeai Kualapuu Ag Line	4" Line Kualapuu Res to Kipu	Maunaloa Reservoir	Kualapuu Reservoir	Water Meters	ML Village Water System	Water Trans to Kualapuu	Kupu System Improve	Kualapuu water Tie & Booster	Maunaloa 12" Water Main		
1	Maunaloa Village Water Sy	1,639,673.54							1,639,673.54						
2	Maunaloa 12" Water Main	247,835.97											247,835.97		
3	Water System - Maunaloa	365,071.06							365,071.06						
4	Mipa 12" Waterline	309,323.18				309,323.18									
5	WA128 - 4" Pipe from Kualapuu Res to Kipu	141,907.86			141,907.86										
6	WA128-Replace Kualapuu Reserve Roof	124,503.24					124,503.24								
7	ML Reservoir repair	149,437.99				149,437.99									
8	Kualapuu Reservoir	83,423.10					83,423.10								
9	Potable Water System	81,911.74				81,911.74									
10	WIP - Kualapuu Res.	10,949.41					10,949.41								
11	147 Recordall AWWA Standard	21,586.95						21,586.95							
12	WA116 - Kelso Kualapuu Ag	6,776.16		6,776.16											
13	WIP - Maunaloa Res.	8,681.58				8,681.58									
14	WIP - Maunaloa Res.	8,037.98				8,037.98									
15	100 Recordall AWWA Standard	14,685.00						14,685.00							
16	Reservoir Repairs	15,996.76							15,996.76						
17	WIP - Maunaloa Res.	5,673.80				5,673.80									
18	WIP - Maunaloa Res.	5,008.53				5,008.53									
19	Reservoir Repair	7,212.27				7,212.27									
20	47 Recordall AWWA Standard	6,901.95						6,901.95							
21	WIP - Maunaloa Res.	2,651.89				2,651.89									
22	Plumbing Service	4,600.00				4,600.00									
23	36 Water Meters W/Transpo	5,365.08						5,365.08							
24	WIP - Maunaloa Res.	2,850.01				2,850.01									
25	9 Water Meters M25 B81 5/8"x3/4-3/4 bore	1,477.81						1,477.81							
26	Utity Data System	4,157.00	4,157.00												
27	20 Recordall Badger Standard	3,973.80						3,973.80							
28	10 Recordall Badger Standard	3,883.00						3,883.00							
29	Maunaloa Res.	1,281.34				1,281.34									
30	ZOLD135 - Kualapuu ranch we	1,068.00					1,068.00								
31	WIP - Maunaloa Res	904.38				904.38									
32	WA123-Waipio Pipeline Replacements	6,414.35				6,414.35									
33	4 Recordall Badger Standard	1,553.20				1,553.20									
34	Kipu System Improvements	33,751.21									33,751.21				
35	WA125-Pipeline Replacement (Kipu)	1,645.82				1,645.82									
36	Water Meter	1,731.60						1,731.60							
37	6 Tamper Resist SCRD Stub	58.57						58.57							
38	Legal Fees - Water	48.00	48.00												
39	Sub-Total	3,333,813.11													
40	Mobile Conversion Antenn	132.00													
41	Utility Data System	7,250.00	7,250.00												
42	Maunaloa Reservoir	63,834.79							63,834.79						
43	Cubic Utility Billing System	8,577.50	8,577.50												
44	Water System Repairs	5,291.96							5,291.96						
45	Maunaloa Water Pipe	1,428.13							1,428.13						
46	Maunaloa Reservoir Consult	1,031.65				1,031.65									
47	Water Transmission Kualapuu	110,800.00								110,800.00					
48	Automatic Kualapuu Booster	6,745.00										6,745.00			
49	Kualapuu County Water Tie	70,628.99										70,628.99			
50	Mloa Reservoir	1,820.84				1,820.84									
51	Sub-Total Fully Depreciated	277,540.86													
52	Total Plant at 12-31-08	3,611,353.97	8,577.50	11,587.00	6,776.16	141,907.86	600,040.53	219,943.75	59,663.76	2,081,296.24	110,800.00	33,751.21	77,373.99	247,835.97	
53	Total Plant on Exhibit WOM 1	3,601,998.00	8,578.00	11,958.00	6,776.00	141,908.00	588,347.00	219,944.00	61,158.00	2,091,948.00	110,800.00	33,571.00	77,374.00	247,836.00	
54	Difference	9,355.97	(0.50)	(371.00)	0.16	(0.14)	11,693.53	(0.25)	(1,484.24)	(651.76)	0.00	180.21	(0.01)	(0.03)	
														TYPO	

**ATTACHMENT  
CA-IR-12b  
(Revised 12-7-09)**

**WOM**  
**Docket No. 2009-0049**  
**Reconciliation of Accum Depre**

ATTACHMENT CA-IR-12b, Revised 12-7-09

Line #	Description	Reference	[ 1 ]	[ 2 ]	[ 3 ]
			Amount	Amount	Amount
1	Accum Depre total on Exhibit WOM 3 at 6-30-08			\$ 3,333,813.00	
2	Accum Depre on Audit Report			3,263,522.00	
3	Difference				<u>\$ 70,291.00</u>
<u>Changes to 12-31-08 in Exhibit WOM 3</u>					
4	Accum Depre total on Exhibit WOM 3 at 6-30-08			\$ 3,333,813.00	
5	Fully Depreciated Plant not included on WOM -3		\$ 277,541.00		
6					
7	Auditors' Adjustment # 11 to Reflect NBV at Transfer Date from MPL		(347,784.00)		
8					
9	<u>Other &amp; Auditor Adjustments</u>				
10	Reduce Accumulated Depreciation for legal cost		(48.00)		
11	Total Other & Auditor Adjustments			<u>(70,291.00)</u>	
12	Accum Depre on Audit Report				<u>\$ 3,263,522.00</u>

**ATTACHMENT  
CA-IR-12c  
(Revised 12-7-09)**

**WOM**  
**Docket No. 2009-0049**  
**Reconciliation of Accum Depre**

ATTACHMENT CA-IR-12c, Revised 12-7-09

Line #	Description	Reference	[ 1 ]	[ 2 ]	[ 3 ]
			Amount	Amount	Amount
1	Accum Depre total on Exhibit WOM 3 at 6-30-08			\$ 1,705,465.00	
2	- Accum Depre on Audit Report			1,705,108.00	
3	Difference				<u>\$ 357.00</u>
<u>Changes to 12-31-08 in Exhibit WOM 3</u>					
4	Accum Depre total on Exhibit WOM 3 at 6-30-08			\$ 1,705,465.00	
5	Fully Depreciated Plant not included on WOM -3		\$ 277,541.00		
6	Increase from Depreciation Expense		66,507.00		
7	Auditors' Adjustment # 1 - Recalculate Accumulated Depreciation based on net book value		3,427.00		
8	Auditors' Adjustment # 11 to Reflect NBV at Transfer Date from MPL		(347,784.00)		
9	<u>Other &amp; Auditor Adjustments</u>				
10	Reduce Accumulated Depreciation for legal cost		(48.00)		
11	Total Adjustments			<u>(357.00)</u>	
12	Accum Depre on Audit Report				<u>\$ 1,705,108.00</u>

**ATTACHMENT**  
**CA-IR-12d**

## WOM

## ATTACHMENT CA-IR-12d

## Reconciliation of Plant Balances

Line #	Description	Reference	[ 1 ]	[ 2 ]	[ 3 ]
			Amount	Amount	Amount
1	Plant Balance on Exh. WOM 2-5			\$ 3,611,306.00	
2	Plant Balance on Exh WOM 3			3,353,813.00	
3	Difference				<u>\$ 257,493.00</u>
<u>Changes to 12-31-08 in Exhibit WOM 3</u>					
4	Plant Balance on Exh. WOM 2-5			\$ 3,611,306.00	
<u>Fully Depreciated Plant at 6-30-08</u>					
5	Mobile Conversion Antenn		(132.00)		
6	Utility Data System		(7,250.00)		
7	Maunaloa Reservoir		(63,834.79)		
8	Cubic Utility Billing System		(8,577.50)		
9	Water System Repairs		(5,291.96)		
10	Maunaloa Water Pipe		(1,428.13)		
11	Maunaloa Reservoir Consult		(1,031.65)		
12	Water Transmission Kaulapuu		(110,800.00)		
13	Automate Kualapuu Booster		(6,745.00)		
14	Kualapuu County Water Tie		(70,628.99)		
15	Mloa Reservoir		<u>(1,820.84)</u>		
16	Sub-Total Fully Depreciated	CA-IR-12.a, Line 16	(277,540.86)		
17	Pro Forma Plant additions in FYE 6-30-09		20,000.00		
18					
19	Legal Fees - Water - 1988		<u>48.00</u>		
				(257,492.86)	
20	Sub-Total				<u>\$ 3,353,813.14</u>
21	Plant Balance on Exh WOM 3				



**ATTACHMENT  
CA-IR-12e**

## WOM

## ATTACHMENT CA-IR-12e

## Reconciliation of Accum Depre

Line #	Description	Reference	[ 1 ]	[ 2 ]	[ 3 ]
			Amount	Amount	Amount
1	Accum Depre total on Exhibit WOM 3 at 6-30-09			\$ 1,839,418.00	
2	Accum Depre total on Exhibit WOM 2-5 on 5-31-09			2,104,999.00	
3	Difference				<u>\$ (265,581.00)</u>
	<u>Changes to 12-31-08 in Exhibit WOM 3</u>				
4	Accum Depre total on Exhibit WOM 3 at 6-30-09			\$ 1,839,418.00	
5	Fully Depreciated Plant at 6-30-08		\$ 277,541.00		
6	Additional Deprecation for one month		(11,960.00)		
7					
	<u>Other &amp; Auditor Adjustments</u>				
8					
9					
10					
11					
12					
13	Total Other & Auditor Adjustments			265,581.00	
14	Accum Depre total on Exhibit WOM 2-5 on 5-31-09				<u>\$ 2,104,999.00</u>

CERTIFICATE OF SERVICE

I (we) hereby certify that copies of the foregoing document were duly served on the following parties, by having said copies delivered as set forth below:

MR. DEAN NISHINA Executive Director Department of Commerce and Consumer Affairs Division of Consumer Advocacy 335 Merchant Street, Suite 326 Honolulu, Hawaii 96813	3 copies Hand Deliver
--	--------------------------

MARGERY S. BRONSTER, ESQ. JEANNETTE H. CASTAGNETTI, ESQ. Bronster Hoshibata 2300 Pauahi Tower 1003 Bishop Street Honolulu, HI 96813	1 copy Hand Deliver
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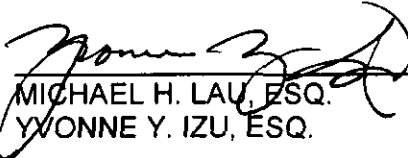
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ANDREW V. BEAMAN, ESQ. Chun Kerr Dodd Beaman & Wong, LLLP Topa Financial Center, Fort Street Tower 745 Fort Street, 9 <sup>th</sup> Floor Honolulu, HI 96813	1 copy Hand Deliver
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Attorney for MOLOKAI PROPERTIES LIMITED

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DATED: Honolulu, Hawai'i, December 7, 2009.

  
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Moriwara Lau & Fong LLP  
Attorneys for WAI'OLA O MOLOKA'I, INC.